

## **Gas price: another chance goes begging**

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As if the shambles of the Economic Advisory Council (EAC) were not enough, the PTI government added another unwanted feather in its cap. What certainly was the best chance for the government to take and stick to politically tough but economically rational decisions – went begging, as the ECC decided to stay undecided on the issue of rationalizing gas prices.

The term used by the Information Minister was ‘postponed’ – but the undertone clearly told that the government does not seem prepared to pay the political cost of raising gas prices. Yes, the Ogra proposal may have bordered on the extreme, and the press it got must have added to the pressure. The much-talked 186 percent increase for the ‘poorest’ segment was surely not going to be easy sailing for the newcomers – but one surely expected a more measured response than ‘postponement’.

Apparently, the strategy now is to let the public know how rotten the entire gas pricing system is, and then decide on raising the prices. And from what it appears; another round of cross subsidies and added consumer slabs, may well be in the offing. There is little denying that the last government left the gas sector, especially the pricing aspect of it, in dire straits. But that escapist argument alone cannot be the solution.

It is not as if the state of affairs were not known to the government. Also, the likely inclusion of the CCI in this affair suggests that any increase agreed by all provinces would be a pipedream. The result would be more losses to the already ailing state owned gas distribution and marketing companies.

Granted, that increasing gas or electricity prices was not an agenda on the PTI’s manifesto – in fact reducing the energy prices to bring more parity to regional players was. But with such limited fiscal space, there is very little one could do to bring down energy costs, without fully recovering the cost. With better planning, improved mix, reduced losses, and better governance – the prices can gradually come down over the years. But without rationalizing prices today, achieving that goal would remain elusive.

It is high time the people are told that the precious natural gas needs to be used more efficiently and the pricing needs to be right. That obviously does not take away the other part of the equation – i.e. the bleeding losses of the gas distribution entities. Here is hoping better sense would prevail and the bitter pills are taken now than never.